

**APPLICATION OF INCREMENTAL FUNDING FOR CUSTOMER INFORMATION
SYSTEM REPLACEMENT PROGRAM (A.25.5.004)**

(DATA REQUEST CalPA-SCG-004)

Date Requested: July 30, 2025, Due: August 13, 2025

Please provide the following:

QUESTION 1:

Referring to Excel spreadsheet “Confidential_SoCalGas_CIS_CalPA_DR03_Q3” Tab “Question 1” please provide:

- a) Invoices for costs highlighted green in column J of spreadsheet submitted with request.
- b) For the reversed entry in the amount of \$6.438 million in column J, row 718, for Order 300843808 for “RCL PPD EXP TO CAPITAL - 2024 GRC” journal entry, please show the recorded corresponding entry in the above referenced Excel spreadsheet.

RESPONSE 1:

Response 1a.

The attachments include Confidential and Protected Materials provided pursuant to PUC Section 583, GO 66-D, and D.21-09-020

Please see attached invoices:

- 5813633981
- 5813584843
- 5814093880
- 5813700116
- 5813728908
- 5813769078
- 5813808847
- 5813822270
- 5813869054
- 5813951914

Response 1b:

The corresponding entry is the one valued at \$7,210,590.8 with Unique ID #637.

This amount was reclassified as capital based on the TY2024 GRC Decision, which authorized capitalizing costs associated with prepaid agreements for software and computer hardware, including new software and hardware maintenance. The difference between \$7,210,590.80 and \$6,438,027.50 reflects spending that occurred prior to the GRC Decision approving SoCalGas’s request to capitalize these costs.

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Please see extract below from D.24-12-074, at 804.

A.22-05-015, et al. ALJ/ML2/JOR/jnf

\$6.6 billion for electric and \$2.3 billion for gas.²⁷¹⁹ These weighted average methodologies proposals are uncontested. The dollar amounts of the weighted average rate base for the 2024 Test Year are contested.

The following other methodologies related to rate base are also uncontested:²⁷²⁰

- Capitalizing the implementation costs for cloud computing service contracts and amortizing the costs over the term of the associated arrangement based upon FERC guidance, and the capitalization of prepaid agreement costs associated with software and computer hardware such as cloud Software as Service license arrangements, reserved cloud capacity, and new software and hardware maintenance costs.
- Implementation of FERC guidance for hydro testing under Gas Transmission Safety. Under that guidance, if a utility is required to retest the pipeline so that its full capacities can be utilized, such first-time and one-time retesting costs can be capitalized. When such retesting costs are capitalized, all prior testing costs related to the specific property should be retired.
- Elimination of gas line extension allowances for gas main and service extension applications received on or after July 1, 2023 consistent with D.22-09-026, including the 10-year refundable payment option, and the 50 percent discount option in SoCalGas Tariff Rules 20 and 21 and SDG&E Tariff Rules 15 and 16.
- SoCalGas and SDG&E adjusted the classification of New Business Construction capital costs in their forecast to reflect that D.22-09-026 eliminated allowances for new services, unless they meet certain criteria per that decision. This methodology is applied to the forecast of Gas

²⁷¹⁹ Sempra Opening Brief at 771-772.

²⁷²⁰ Sempra Opening Brief at 773-774.

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QUESTION 2:

Please provide forecasted O&M costs for the years 2025 through 2027, using a similar breakdown format as the 2024 forecasted costs in the table below.

SoCalGas O&M Costs (in \$000)				
Cost Category	Forecasted 2024	Forecasted 2025	Forecasted 2026	Forecasted 2027
SoCalGas Labor	\$765			
Contingency	\$206			
V&S	\$171			
Labor Sub-Total	\$1,142			
Third Party Contractors	\$10,701			
Software	\$481			
Contingency	\$2,706			
Materials/Facilities/Other	\$0			
Non-Labor Sub-Total	\$13,888			
Total Forecasted	\$15,030			

If SoCalGas refers to Commission decisions, work-papers or testimonies, please ensure that the specific information requested is clearly provided and is verifiable in the referenced documents.

RESPONSE 2:

Please note that SoCalGas has updated the costs for 2024 with actuals as presented in the current application, A.25.5.004, filed in May 2025. V&S is included in “SoCalGas Labor” costs.

(in \$000)

Cost Category	Actuals 2024	Forecast 2025	Forecast 2026	Forecast 2027
SoCalGas Labor	\$386	\$1,018	\$1,156	\$240
Contingency	-	-	-	-
V&S				
Labor Sub-Total	\$386	\$1,018	\$1,156	\$240
Third Party Contractors	\$4,228	\$8,603	\$39,519	\$4,369
Software	\$3,814	\$1,477	\$4,939	\$0
Contingency	-	-	-	-
Materials/Facilities/Others	\$35	\$86	\$658	\$471
Non-Labor Sub-Total				
Total Forecasted	\$8,463	\$11,184	\$46,272	\$5,080

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The information from the table above is also available in [Chapter 2 - Prepared Direct Testimony of April McAllaster \(Cost Justification\)](#).

Numbers in **RED** are different from original Workpaper numbers because SoCalGas identified O&M costs that needed to be reclassified as Capital actuals for “Materials/Facilities/Others” (change from \$46 to \$35) and software cost that needed to be mapped to CIS Project (from \$3,813 to \$3,814). Chapter 2 Workpapers will be updated to reflect those changes.

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QUESTION 3:

Referring to SoCalGas’s response to Q5 of Cal Advocates’ data request “PubAdv-SoCalGas_003-FNZ,” SoCalGas did not verify that the requested information regarding the adjusted recorded 2021 costs and the forecasted costs from 2022 through 2024 in the table Cal Advocates provided are accurate. SoCalGas’s response is unsatisfactory.

The references to “SCG-13-WP Evan Goldman – Customer Information System Replacement Program” and “Chapter 2 – Prepared Direct Testimony of April McAllaster (Cost Justification)” does not confirm whether the information presented in the table provided in Cal Advocates’ data request is accurate. Please confirm the recorded and forecasted amounts as presented in the 2024 GRC.

Please see the table below from Q5 of Cal Advocates data request ”PubAdv-SoCalGas-003- FNZ.”

SoCalGas O&M Costs (in \$000)

Cost Category	Adjusted Recorded 2021	Forecasted 2022	Forecasted 2023	Forecasted 2024
SoCalGas Labor	437	474	320	765
Contingency	-	-	-	206
V&S	77	84	57	171
Subtotal Labor	514	558	377	1,142
Non-Labor				
Third Party Contractors	1,301	1,750	4,319	10,701
Software	-	-	-	481
Contingency	-	-	-	2,706
Subtotal Non-Labor	1,301	1,750	4,319	13,888
NSE	-	-	-	-
Total	\$1,815	\$2,308	\$4,696	\$15,030
FTE	3.4	3.8	2.5	12.2

If SoCalGas refers to Commission decisions, work-papers or testimonies, please ensure that the specific information requested is clearly provided and is verifiable in the referenced documents.

RESPONSE 3:

The table above is correct for the **GRC application**, with the exception of the FTE, which is the normalized average, while the dollar values shown are nominal. For clarity, please refer to attachment “**PubAdv-SoCalGas-004-FNZ_Q3**”, which includes both nominal and normalized values for the years 2024 through 2027, as presented in the **GRC application**.

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QUESTION 4:

Referring to SoCalGas's response to Q5a of Cal Advocates' data request "PubAdv-SoCalGas_003-FNZ," SoCalGas did not clarify Cal Advocates' request regarding the nature of contingency costs related to Labor and software categories. Instead, SoCalGas's explanation focused on how the contingency was developed. Please respond to the following and provide the requested information:

- a) What is the nature and purpose of the contingency costs.
- b) Provide specific labor categories that are included in the contingency forecast.
- c) Explain if the contingency is based on uncertainty in labor rates, staffing levels, or project scope.
- d) Explain if the contingency accounts for potential delays in hiring or labor availability.
- e) Types of software contingency costs that are included (e.g., licensing, customization, integration) in the forecast.
- f) What is the contingency intended to cover (e.g., scope changes, vendor delays, or technical risks).
- g) Please explain how software implementation risks are quantified to justify the contingency amount.
- h) For software, please verify if the contingency includes costs for training, testing, or post-deployment support.

If SoCalGas refers to Commission decisions, work-papers or testimony, please ensure that the specific information requested is clearly provided and is verifiable in the referenced documents.

RESPONSE 4:

To clarify, the contingency referenced was part of the GRC request. SoCalGas's current application, A.25.5.004, does not contain a separate contingency broken out by category. The GRC contingency was not defined at a granular level; rather, it was developed based on overall contingency benchmarks from similar projects.

Below are responses to specific questions:

a) Nature and purpose of the contingency costs:

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The GRC application contingency was intended to account for general project uncertainties, including potential scope changes, vendor delays, regulatory changes, and implementation risks. The purpose was to account for unforeseen challenges that may arise during implementation.

b) Specific labor categories included in the contingency forecast:

Labor categories were not individually itemized within the contingency. The estimate was developed as a percentage of total labor costs, informed by historical data from comparable projects and informed by the expertise of SoCalGas's SMEs and contractors with experience in multiple comparable implementations.

c) Basis of contingency—uncertainty in labor rates, staffing levels, or project scope:

The contingency primarily reflects uncertainty in project scope and staffing levels at the time the GRC application was filed. While labor rates are relatively stable, variations in required staffing and potential scope adjustments contribute to the need for contingency.

d) Potential delays in hiring or labor availability:

The contingency implicitly accounts for potential delays in hiring or labor availability, though these factors were not modeled separately.

e) Types of software contingency costs included (e.g., licensing, customization, integration):

Software licensing costs were included in the contingency.

f) What the contingency is intended to cover (e.g., scope changes, vendor delays, technical risks):

The contingency is intended to cover a range of risks including scope changes, vendor delays, technical implementation challenges, new regulatory requirements, and other unforeseen issues that could impact timeline or cost.

g) Quantification of software implementation risks to justify contingency amount:

Software implementation risks were not quantified at a granular level. The contingency percentage was derived from historical experience with similar technology deployments and industry norms.

h) Inclusion of training, testing, or post-deployment support in software contingency:

Training, testing, and post-deployment support were not explicitly included in the contingency. These elements were budgeted separately within the overall software implementation plan.